

AUDIT and GOVERNANCE COMMITTEE – 26 February 2014

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 13 February 2014

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr Wilmshurst; Cllr Mathew; Cllr. Roz Smith; Peter Clark; Sean Collins; Ian Dyson; and, Alan Witty (Ernst & Young)

Part meeting only: AWG13.49 John Dixon, Kate Macleod, Graham Shaw, and Aisling O'Sullivan Darcy; AWG13.50 Trevor Askew and Karen Lister; AWG13.52 Simon Belcher; AWG13.53 Paul Beasley.

Observer: Cllr Pressel and Cllr Stratford

Apologies: Lorna Baxter.

Main business items of the meeting were as follows:

AWG13.49 Client Charging Update

The Group was pleased to note that all the management actions arising from the Internal Audit report have been completed. The Group received the latest monitoring information in respect of Fairer Charging Financial Assessments process, including the accuracy of referrals; timeliness of assessments; and the potential /actual foregone income resulting from any delays in financial assessments. The Group noted that the good performance levels reported in November have been sustained, and received assurance from the Managers that the routine monitoring of performance levels is embedded as usual practice. The group was assured that the financial assessment process is now under control and being managed effectively. It was confirmed that this area would be subject to an internal audit in 2014/15, and in the meantime the Manager was requested to report to the Chief Internal Auditor, who in turn will report to the AWG, any material change to the current performance and levels of foregone income.

The second part of the update focussed more specifically on the progress of the Lean review within Adult Social Care, and the implementation of a new Management Information System. The Group noted the strategy for aligning the Lean Review and the new IT system, in particular noting how the Lean review will enable the management of culture change, and also data cleansing, both of which are essential for the effective operation of a new IT system.

The Group and the Officers agreed that the Audit and Governance Committee should have oversight of the progress with the Lean Review and of the implementation of a new IT system. It is suggested that the Committee should receive the first report to their September meeting.

AWG13.50 Property Leases

The Group received the list of outstanding property leases and noted the improved position since the last report. Although the improved position was accepted, it was noted the report was showing the comparative values outstanding per annum,

AG9

whereas members suggested it should be presented as the total income "at risk", as there remains a small number of low value leases that have been outstanding for a longer period. Overall the Group is now satisfied that there is governance in place for the effective management and monitoring of property leases, so no further reports have been requested.

AWG13.51 Audit Commission Fraud Briefing

The External Auditor presented the fraud briefing they received from the Audit Commission which included comparative data for Oxfordshire County Council against other County Councils. The Group considered the report and concluded that it did not highlight any areas for concern or additional action required.

AWG13.52 Oxfordshire Fire & Rescue Service (OFRS) Risk Management Process

As part of the cyclical review of Directorate risk management processes, the Integrated Risk Manager from OFRS attended the meeting, presenting the strategic risk register and the risk management policy. The Group was happy with the governance in place and the assurance it provides over the risk management process.

Members were aware that the officer presenting to the Group had been on duty the night before, helping with the management of the flood crisis. Members expressed their thanks to the Officer, and their gratitude to the OFRS for their excellent support and action in dealing with the consequences of these adverse conditions.

AWG13.53 Internal Audit Report

The latest action tracking report did not highlight any areas for concern.

Since the last report to Committee, the Information Governance audit has been concluded with an opinion of "unacceptable" control. The Group was assured by the Head of Law and Governance that immediate action has been taken to initiate improvements in the overall monitoring and control of Information Governance, including closer working with ICT on problem solving. The Chief Internal Auditor will provide an update on the action taken following this audit in report to the Committee in April 2014.

The Group was given an update on a recent investigation of fraud that included theft of monies due to the Council. The "zero" tolerance policy has been applied; an officer has been dismissed through the disciplinary process and the matter is now subject to a police investigation. The Finance Business Partner, and Internal Audit, has been supporting the team in implementing new procedures and systems to address the control weaknesses that created the opportunity for fraud.

AWG13.54 AWG Terms of Reference

The terms of reference were reviewed by the Group, with only minor changes reflecting post titles of officers are suggested. The revised terms of reference is annex 1 to this report for the approval of the Committee.

Work Programme

The date and time of meetings for the remainder of 2014, and the indicative work programme is attached as annex 2 to this report. There one matter to note, and one that requires a decision by the Committee:

To note, all future AWG meetings have been scheduled for the afternoon, generally to start at 2:00pm, with the exception of the new meeting date, 8 May 2014, which is scheduled to start at 2:30pm.

There is no date scheduled for the annual private meeting with the External Auditors, and then separately with the Chief Internal Auditor. The Committee are asked to agree a date.

Recommendations

The Committee is RECOMMENDED to

- a) note the report, and the timetable of future meetings;**
- b) Receive regular updates on the Lean project and Adult Social Care management information commencing September 2014;**
- c) Agree the revised AWG terms of reference;**
- d) Agree a date for the private sessions with External Auditor and the Chief Internal Auditor.**

Lorna Baxter
Chief Finance Officer

Contact: Officer: Ian Dyson, Chief Internal Auditor Tel 01865 323875
ian.dyson@oxfordshire.gov.uk

ANNEX 1

Audit Working Group Terms of Reference

Membership

The Audit Working Group shall comprise of:-

the independent member of the Audit and Governance Committee who will chair the Group, together with three members of the Audit and Governance Committee, one of whom shall be the Chairman of the Committee. There will also be three named members of the Audit and Governance Committee who will deputise as required.

The Chief Finance Officer, the Monitoring Officer and Head of Law and Governance, and the Chief Internal Auditor, or their representatives shall attend the Group meetings.

Members of the Group and their deputies should have suitable background and knowledge to be able to address satisfactorily the complex issues under consideration and should receive adequate training in the principles of audit, risk and control.

All members of the Audit and Governance Committee can attend Audit Working Group Meetings as observers.

Role

The Audit Working Group shall:

act as an informal working group of the Audit and Governance Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference (Part 2 Article 8 Section 1a of the Constitution);

routinely undertake a programme of work as defined by the Audit and Governance Committee;

consider issues arising in detail as requested by the Audit and Governance Committee;

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Chief Internal Auditor only.

AG9

Reporting

The Chief Finance Officer will report to the Audit & Governance Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

Meeting

The Group shall meet regularly in cycle with the Audit Committee.

The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

Confidentiality

The Group will meet in private to allow full and frank consideration of audit, risk and control issues.

All matters discussed and papers submitted for the meetings including minutes of the previous meeting must be treated as confidential. Papers will be circulated in advance to all members of the Audit & Governance Committee for information whether attending the Group or not.

Where any other member wishes to inspect any document considered by the Group and believes that s/he has a 'need to know' as a County Councillor, the procedure in the Council's Constitution relating to Members Rights and Responsibilities (Part 9.3) shall apply.

UpdatedFebruary 2014

Review Date.....February 2015

Officer Responsible Ian Dyson, Chief Internal Auditor
Telephone 01865 (32)3875
lan.dyson@oxfordshire.gov.uk

ANNEX 2

**AUDIT WORKING GROUP
TIMETABLE AND WORK PROGRAMME 2014/15**

2014

Thursday 20 March 2:00-4:00

- Risk Management Report
- SCS Risk Management Review TBC
- E&E Risk Management Review

8 May 2014 - 14:30 - 16:30

- Internal Audit Update

19 June 2014 - 14:00 -16:00

- Internal Audit Update
- Risk Management Update
- Draft AGS

04 September 2014 - 14:00 - 16:00

- Internal Audit Update

02 October 2014 - 14:00 - 16:00

- Risk Management Update
- CEF Risk Register

06 November 2014 - 14:00 - 16:00

- Internal Audit Update

11 December 2014 - 14:00 - 16:00

- Risk Management Update
- EE Risk Register

To be considered:

- 1) Dates for private session with the Chief Internal Auditor, and the External Auditors

Ian Dyson
Chief Internal Auditor